

August 1, 2000

**SUPPLEMENT TO FISCAL YEAR-END 2000 INSTRUCTIONS
FOR DEFENSE AGENCIES**

Abnormal Balances in General Ledger Reports

1. A general ledger account balance is **abnormal** when the reported balance is opposite the normal debit or credit balance established in the U.S. Government Standard General Ledger Chart of Accounts. An abnormal balance represents an abnormal financial condition and raises the question of validity.

2. Occasionally, abnormal balances are the result of a correction or adjustment in a prior accounting period and **require no further corrective actions**. However, the DoDIG states that **all** abnormal balances in the trial balance submissions must be **identified and explained** in detail to include an adjustment in a prior accounting period. The steps involved are as follows.

A. Identify all abnormal balances by appropriation, General Ledger Account Code (GLAC), debit or credit balance, and amount. Remember to include abnormal balances that are offset by larger normal balances. (See paragraph 3 on materiality)

B. Explain the abnormal balance. Include, as a minimum, age, reason/cause, office responsible for correction, and estimated correction date. If the abnormal balance does not require further action, state so in the explanation.

C. Send file by E-mail attachment to Mr. Keith Welk at keith.welk@dfas.mil. Use Microsoft Word 95/97 or Excel 95/97.

3. Materiality: Ideally all abnormal balances should be reviewed and fully explained. However, if research is limited by time and cost constraints, use judgement in the order of line items researched. For example, in a particular asset or liability class, research larger amounts before smaller amounts. If a quantitative measure is needed, the GAO, in general, considers amounts greater than 1% of the materiality base to be material (GAO, Financial Audit Manual, page 230-4).

4. Use the following format:

Defense Agency GLTB
Abnormal Balances
Accounting date: 0600.

Appropriation: Dept FY/FY BSN Limit OA Fiscal Station No

GLAC No.	Dr/Cr	Amount	Explanation
211100	Dr	8,123.77	Collection erroneously posted to A/P on 5/25/2000. Correction will be completed by the submitter in July 2000.